

News

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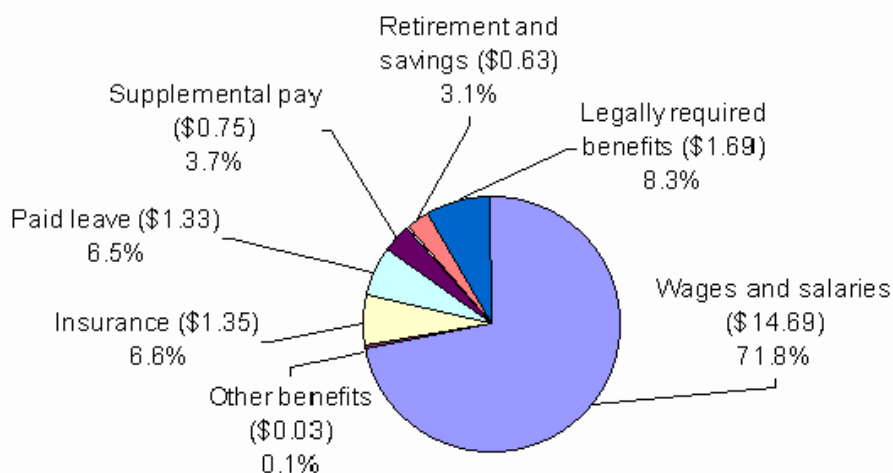
Tuesday, August 28, 2001

Employer Costs for Employee Compensation Midwest Region - March 2001

Employer costs for employee compensation of private industry workers in the Midwest averaged \$20.47 per hour worked in March 2001, according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Bob Gaddie reported that wages and salaries averaged \$14.69 per hour and accounted for 71.8 percent of these costs. Benefits comprised the remaining 28.2 percent of total compensation costs and averaged \$5.78.

Legally required benefits averaged \$1.69 per hour (8.3 percent of total compensation) and represented the employers largest non-wage cost. Other employer costs included insurance benefits at \$1.35 per hour worked (6.6 percent), paid leave benefits at \$1.33 (6.5 percent), and retirement and savings benefits at 63 cents (3.1 percent). (See chart 1.)

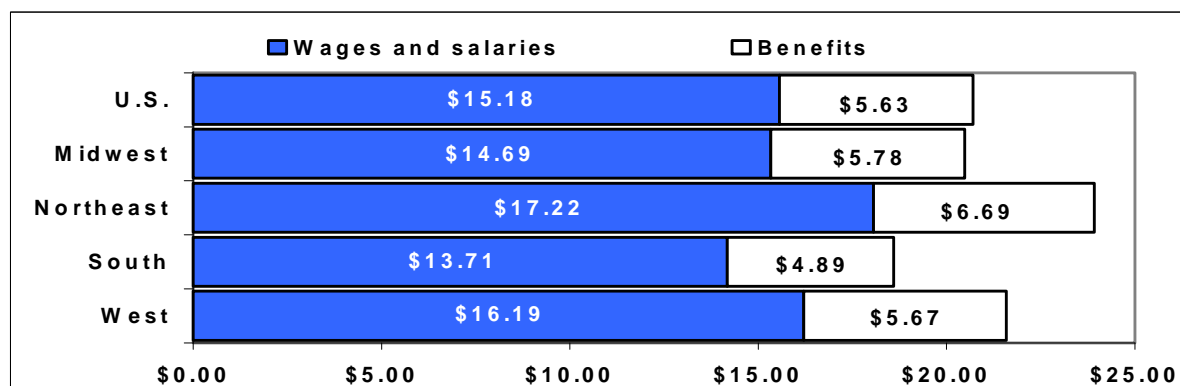
Chart 1. Employer cost per hour worked, Midwest region, private industry, March 2001



Regional variations

In the other three regions of the country, hourly compensation costs averaged \$23.91 in the Northeast, \$21.86 in the West, and \$18.59 in the South. Employer costs for wages and salaries in these regions were \$17.22 in the Northeast, \$16.19 in the West, and \$13.71 in the South. Nationally, compensation costs averaged \$20.81 with wages and salaries accounting for \$15.18. (See chart 2.)

Chart 2. Employer costs per hour worked for employee compensation, private industry, March 2001



The proportion of employer compensation costs represented by benefits for the other regions was 28.0 percent in the Northeast, 26.3 percent in the South and 25.9 percent in the West. Nationwide, benefit costs accounted for 27.1 percent of total compensation cost.

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Explanatory Notes

Employer Costs for Employee Compensation (ECEC) measures the average cost per employee hour worked that employers pay for wages and salaries and benefits. Employer costs for employee compensation covers all occupations in private industry, excluding farms and households. These cost levels are published annually and are based on compensation cost data for the payroll period that includes March 12th as the reference period. The March 2001 levels of employer costs for employee compensation were calculated using March 2001 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2000 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions and include production bonuses, incentive pay, commissions, and cost-of-living allowances. Not included in straight-time earnings are nonproduction bonuses, such as lump-sum payments provided in place of wage increases, shift differentials, and premium pay for overtime and weekend work; these payments are included in the benefits component.

Benefits include: Paid leave--vacations, holidays, sick leave, and other leave; supplemental pay--premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as referral bonuses and lump-sum payments provided in place of wage increases); insurance--life, health, short-term disability, and long-term disability; retirement and savings--defined benefit and defined contribution plans; legally required benefits--Social Security, Federal and State unemployment insurance, and Workers' Compensation; and other benefits--severance pay and supplemental unemployment benefits.

In June 2000, the Bureau of Labor Statistics expanded the definition of nonproduction bonuses to better represent the compensation packages offered to employees. The March 2001 ECEC includes, in addition

to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments, hiring and referral bonuses. A fact sheet has been prepared with additional information on this change and the costs of these bonuses. This information can be obtained directly from the BLS Internet site (<http://www.bls.gov/ecthome.htm>), by e-mail request (ocltinfo@bls.gov), or by telephone (202) 691-6199.

Information on compensation cost trends over time are available in the Bureau of Labor Statistics report on the Employer Cost for Employee Compensation, 1986-99, Bulletin 2526 and the Employment Cost Indexes, 1975-99, Bulletin 2532. Information on the incidence and detailed provisions of selected employee benefit plans is published in Employee Benefits in State and Local Governments, 1998, Bulletin 2531; Employee Benefits in Medium and Large Private Establishments, 1997, Bulletin 2517; and Employee Benefits in Small Private Establishments, 1996, Bulletin 2507. Copies of these Bulletins are available on the Bureau's Internet site at <http://stats.bls.gov/ebshome.htm>. Employment Cost Index data is available at <http://stats.bls.gov/ecthome.htm>.

Printed copies of these surveys are available for purchase from the Bureau of Labor Statistics, Publications Sales Center, P. O. Box 2145, Chicago, IL 60690. Telephone orders using a credit card (American Express, MasterCard, Visa or Discover/NOVUS) or GPO Deposit Account may be placed between 8:00 AM and 3:00 PM Central Time at (312) 353-1880, menu option 0.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry workers, March 2001

Compensation component	U.S. Average		Region (1)							
			Midwest		Northeast		South		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation	\$20.81	100.0	\$20.47	100.0	\$23.91	100.0	\$18.59	100.0	\$21.86	100.0
Wages and salaries	15.18	72.9	14.69	71.8	17.22	72.0	13.71	73.7	16.19	74.1
Total benefits	5.63	27.1	5.78	28.2	6.69	28.0	4.89	26.3	5.67	25.9
Paid leave	1.37	6.6	1.33	6.5	1.73	7.2	1.17	6.3	1.41	6.5
Vacation .....	.68	3.3	.66	3.2	.86	3.6	.58	3.1	.69	3.2
Holiday .....	.47	2.3	.46	2.2	.58	2.4	.40	2.2	.49	2.2
Sick .....	.17	.8	.15	.7	.22	.9	.14	.8	.19	.9
Other .....	.06	.3	.07	.3	.07	.3	.05	.3	.04	.2
Supplemental pay .....	.61	2.9	.75	3.7	.78	3.3	.48	2.6	.52	2.4
Premium (2) .....	.24	1.2	.30	1.5	.21	.9	.22	1.2	.22	1.0
Shift differentials .....	.05	.2	.08	.4	.06	.3	.04	.2	.04	.2
Nonproduction bonuses .	.32	1.5	.37	1.8	.52	2.2	.22	1.2	.26	1.2
Insurance	1.28	6.2	1.35	6.6	1.50	6.3	1.16	6.2	1.19	5.4
Life .....	.05	.2	.05	.2	.05	.2	.04	.2	.04	.2
Health	1.16	5.6	1.22	6.0	1.37	5.7	1.05	5.6	1.09	5.0
Short-term disability (3) .	.04	.2	.04	.2	.05	.2	.03	.2	.03	.1
Long-term disability .....	.03	.1	.03	.1	.03	.1	.03	.2	.03	.1
Retirement and savings ....	.62	3.0	.63	3.1	.74	3.1	.51	2.7	.66	3.0
Defined benefit .....	.21	1.0	.27	1.3	.24	1.0	.16	.9	.21	1.0
Defined contribution .....	.40	1.9	.37	1.8	.50	2.1	.34	1.8	.45	2.1
Legally required benefits ...	1.73	8.3	1.69	8.3	1.90	7.9	1.55	8.3	1.87	8.6
Social Security(4)	1.26	6.1	1.24	6.1	1.41	5.9	1.15	6.2	1.34	6.1
OASDI	1.02	4.9	.99	4.8	1.13	4.7	.93	5.0	1.07	4.9
Medicare .....	.25	1.2	.24	1.2	.28	1.2	.22	1.2	.26	1.2
Federal unemployment insurance .....	.03	.1	.03	.1	.03	.1	.03	.2	.03	.1
State unemployment Insurance .....	.09	.4	.08	.4	.14	.6	.06	.3	.11	.5
Workers' compensation .	.33	1.6	.34	1.7	.32	1.3	.31	1.7	.39	1.8
Other benefits (5) .....	.02	.1	.03	.1	.03	.1	.02	.1	(6)	(7)

(1) The regional coverage is as follows:

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont;

South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

(2) Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

(3) Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state-mandated plans that provide benefits for each disability, including unfunded plans.

(4) The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the acronym for Old-Age, Survivors, and Disability Insurance.

(5) Includes severance pay and supplemental unemployment benefits. (6) Cost per hour worked is \$0.01 or less. (7) Less than .05 percent. Note: The sum of individual items may not equal totals due to rounding.